

REMARKS / DISCUSSION OF ISSUES

Claims 1-21 are pending in the application.

The Office action rejects claims 17-19 under 35 U.S.C. 101. The applicants respectfully traverse this rejection. The Office action asserts that the claims do not define a computer-readable medium, and suggests that the claims be amended to include a computer-readable medium. The applicants respectfully disagree with this assertion, because each of claims 17-19 clearly recite a computer readable medium. Accordingly, the applicants respectfully maintain that the rejection of claims 17-19 is improper, and should be withdrawn.

The Office action rejects claims 1-21 under 35 U.S.C. 102(e) over Hosono (USP 5,796,438). The applicants respectfully traverse this rejection.

As noted in the applicants' prior remarks, Hosono fails to teach motion-compensated interpolation, as claimed in each of the applicants' independent claims.

In response to the applicants' prior remarks, the Office action notes that Hosono teaches motion estimation and motion compensation, but fails to identify where Hosono teaches motion-compensated **interpolation**.

Motion-compensated interpolation is clearly distinguished from conventional MPEG motion estimation and motion compensation at page 2, line 26 through page 3, line 9 in the applicants' specification. As specifically taught by the applicants:

"The [Natural-Motion] algorithm generates additional intermediate pictures between the ones registered on the film instead of simply repeating earlier ones. This **interpolation** process shows a clear similarity with the generation of B-frames in MPEG. However, NM does not require the transmission of vector data and/or residual data, in contrast with the generation of conventional B-frames." (Applicants' page 3, lines 5-8.)

That is, although there is a similarity between MPEG motion estimation and compensation and motion-compensated interpolation, there is a clear distinction between the two in the art, as noted in the applicants' specification.

Hosono does not teach motion-compensated interpolation. Hosono does not teach generating additional intermediate pictures by interpolating between the frames that are sent. Each picture of Hosono corresponds to a received MPEG-encoded frame. As is well known in the art, there is a one-to-one relationship between received MPEG-encoded frames and displayed frames; in Hosono, frames cannot be skipped. As Hosono notes, "MPEG standard prescribes that data of the first and last macroblocks [of each frame] need to be included in the bitstream." (Hosono, column 5, lines 64-66.)

Because Hosono fails to teach motion-compensated interpolation, as specifically claimed in each of the applicants' independent claims, the applicants respectfully maintain that the rejection of claims 1-21 under 35 U.S.C. 102(b) over Hosono is unfounded, and should be withdrawn.

In view of the foregoing, the applicants respectfully request that the Examiner withdraw the objection(s) and/or rejection(s) of record, allow all the pending claims, and find the application to be in condition for allowance. If any points remain in issue that may best be resolved through a personal or telephonic interview, the Examiner is respectfully requested to contact the undersigned at the telephone number listed below.

Respectfully submitted,

/Robert M. McDermott/
Robert M. McDermott, Esq.
Reg. 41,508
804-493-0707

Please direct all correspondence to:
Corporate Counsel
U.S. PHILIPS CORPORATION
P.O. Box 3001
Briarcliff Manor, NY 10510-8001